

Message Text

CONFIDENTIAL

PAGE 01 LONDON 16596 01 OF 02 051726Z
ACTION EB-08

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15
STR-05 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02
FEAE-00 OMB-01 /110 W
-----063761 051741Z /50

P R 051652Z OCT 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC PRIORITY 9037
INFO USMISSION GENEVA PRIORITY
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 16596

USMTN ALSO FOR MISSION
USEEC ALSO FOR EMBASSY

E.O. 11652: XGDS-1
TAGS: ETRD, UK, MTN
SUBJECT: MORE ON BRITISH VIEWS OF THE MTN

REF: (A) LONDON 16560; (B) GENEVA 8434; (C) BRUSSELS
13340; (D) BRUSSELS 13366

1. SUMMARY: AN OCTOBER 5 DISCUSSION WITH ROBIN GRAY OF
THE DEPARTMENT OF TRADE (WHO HAD WITH HIM TOM SHARPE AND
OTHERS OF HIS STAFF) CLARIFIED BRITISH OFFICIAL THINKING
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LONDON 16596 01 OF 02 051726Z

ON THE MTN AND ADDS DETAIL TO THE OVERVIEW GIVEN IN REF
A. GRAY'S MAIN POINTS WERE THAT THE TARIFF "WORKING
HYPOTHESIS" OF A 44 PERCENT OVERALL CUT CAN BE ACCEPTED
ONLY IF IT IS SUBJECT TO CERTAIN CAVEATS AND IF IT IS
ACCOMPANIED BY ANOTHER "WORKING HYPOTHESIS": THAT THERE
WILL BE A NEW, SELECTIVE SAFEGUARD SYSTEM. GRAY FELT
THAT THERE WAS LIKELY TO BE GENERAL AGREEMENT ON THESE

POINTS AMONG THE EC MEMBER STATES; IN ANY EVENT, HE WILL KEEP THE ISSUE OPEN BY BLOCKING AGREEMENT ON THE TARIFF HYPOTHESIS AT THE ARTICLE 113 COMMITTEE MEETING FRIDAY, OCTOBER 7. END SUMMARY.

2. GRAY OPENED HIS DISCUSSION BY NOTING THAT THE UK DOES NOT HAVE A FIRM POSITION ON THE DENMAN-STRAUSS TARIFF UNDERSTANDING; WHAT HE WAS ABOUT TO SAY REPRESENTED A CONSENSUS OF OFFICIAL THINKING. THE UK, HE SAID, WOULD NOT RULE OUT THE POSSIBILITY OF A TARIFF CUT OF AVERAGING 44 PERCENT, OR, MORE LIKELY, A LITTLE LESS (HE SUGGESTED 40 PERCENT). HOWEVER, AGREEMENT TO A CUT OF THIS ORDER WOULD BE ON THE BASIS OF IT BEING MADE IN TWO STAGES. BRITISH MINISTERS, HE FELT, WOULD INSIST ON CONDITIONING THE IMPLEMENTATION OF THE SECOND STAGE. FOR EXAMPLE, THE SECOND STAGE WOULD BE "CHECKED" IF AT THE POINT WHEN IT WAS TO BE IMPLEMENTED, THE WORLD WAS MOVING INTO RECESSION.

3. AGREEMENT ON A 44 PERCENT TARIFF CUT CREATED "PSYCHOLOGICAL PROBLEMS" AT A TIME WHEN SEVERAL INDUSTRIES, LIKE SHOES AND STEEL, WERE IN SUCH DIFFICULTIES. BRITISH OFFICIALS THOUGHT, THEREFORE, THAT THEY WOULD HAVE TO SEEK A COMPARABLE "WORKING HYPOTHESIS" ON SAFEGUARDS. THEY WOULD WANT A COMMITMENT FROM THE U.S. ON SELECTIVE SAFEGUARDS. HE RECOGNIZED THE PHILOSOPHICAL GAP BETWEEN
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LONDON 16596 01 OF 02 051726Z

EUROPEAN AND US THINKING--HE CHARACTERIZED THE LATTER AS EMPHASIZING OPEN AND LEGALISTIC PROCEDURES, AND FELT EVEN THE GERMANS WOULD NOT WANT SUCH. BUT IN ANY EVENT, GRAY WANTED "STRAUSS TO GO PUBLIC ON SAFEGUARDS AS HE DID ON TARIFFS."

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 LONDON 16596 02 OF 02 051710Z
ACTION EB-08

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 AGRE-00 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15
STR-05 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02
FEAE-00 OMB-01 /110 W

-----063496 051740Z /50

P R 051652Z OCT 77

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 9038

INFO USMISSION GENEVA PRIORITY

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 02 OF 02 LONDON 16596

4. WHILE A SECOND, "SAFEGUARD" HYPOTHESIS WAS THE ONE CLEARLY NECESSARY CONDITION FOR ACCEPTANCE OF THE TARIFF HYPOTHESIS, HE FELT BRITAIN AND THE EC MIGHT ALSO WANT PRIOR AGREEMENT TO A "WORKING HYPOTHESIS" ON COUNTERVAILING. IDEALLY, THEY MIGHT WANT AGREEMENT BY THE US TO DEFINITIVE APPLICATION OF THE GATT; PRACTICALLY WHAT CONCERNED THEM WAS COUNTERVAILING. GRAY, UNDER QUESTIONING, SUGGESTED THAT THE EC WOULD NOT BE WILLING TO GIVE VERY MUCH ON SUBSIDIES IN RETURN FOR A US CONCESSION ON THIS ISSUE.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LONDON 16596 02 OF 02 051710Z

5. PROCEDURALLY GRAY IS ABLE TO TELL HIS EC COLLEAGUES THAT A BRITISH POSITION ON THE TARIFF HYPOTHESIS MUST AWAIT DISCUSSION AMONG BRITISH MINISTERS, WHICH HAS NOT TAKEN PLACE. HE NOTED THAT DENMAN TOLD THE 113 COMMITTEE AT ITS MEETING IN GENEVA THAT HE HAD TOLD STRAUSS THAT HE HAD TO GET MEMBER STATE AGREEMENT ON THE HYPOTHESIS. EVIDENTLY GRAY INTENDS TO USE THIS TACTICAL LEVERAGE TO SEEK COMMUNITY AGREEMENT THAT ACCEPTANCE BY THE EC OF THE STRAUSS HYPOTHESIS MUST BE BALANCED BY US ACCEPTANCE OF A SELECTIVE SAFEGUARD HYPOTHESIS.

6. COMMENT. GRAY'S VIEWS ARE, WE RECOGNIZE, UNHELPFUL FROM THE U.S. POINT OF VIEW. HOWEVER, WE WOULD CAUTION

AGAINST ANY EFFORT TO STIGMATIZE GRAY PERSONALLY AS AN
OBSTRUCTIONIST. GRAY HAS IN THE PAST BEEN KNOWN TO
ADOPT A BRASH, PERSONAL POSITION ON SOME ISSUES; WE DON'T
SENSE THAT TO BE THE CASE WITH REGARD TO HIS PERFORMANCE
TODAY. WHILE THERE HAS NOT BEEN MINISTERIAL DISCUSSION
OF MTN ISSUES FOR MANY MONTHS, WE BELIEVE GRAY HAS A
SOUND SENSE OF THE FEELINGS OF HIS POLITICAL MASTERS,
AND WAS INTERPRETING THEM STRAIGHT-FORWARDLY TO US.

BREWSTER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, POLICIES
Control Number: n/a
Copy: SINGLE
Sent Date: 05-Oct-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LONDON16596
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: X1
Errors: N/A
Expiration:
Film Number: D770363-0483
Format: TEL
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19771092/aaaadakg.tel
Line Count: 180
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 860cf336-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 LONDON 16560, 77 GENEVA 8434, 77 BRUSSELS 6
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1030670
Secure: OPEN
Status: NATIVE
Subject: MORE ON BRITISH VIEWS OF THE MTN
TAGS: ETRD, UK, MTN
To: STATE USMTN MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/860cf336-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009